

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
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FM AMCONSUL VANCOUVER

TO SECSTATE WASHDC 3566

INFO AMEMBASSY OTTAWA

ALL CONSULATES IN CANADA BY POUCH

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C O R R E C T E D C O P Y (TEXT)

E.O. 11652: NA

TAGS: ENRG, CA

SUBJECT: ENERGY: ALASKA HIGHWAY PIPELINE INQUIRY

REF: A. VANCOUVER 494, B. VANCOUVER 538

1. SUMMARY. LYSYK INQUIRY INTO THE ALCAN GAS PIPELINE PROPOSAL HAS EXTENDED HEARINGS INTO COMMUNITIES THROUGHOUT THE YUKON. VIRTUALLY UNANIMOUS INDIAN POSITION (BASED ON BERGER REPORT) IS THAT THERE SHOULD BE A 10-YEAR PIPELINE MORATORIUM UNTIL NATIVE CLAIMS SETTLED AND IMPLEMENTED. YUKON WHITE COMMUNITY, ON OTHER HAND, GENERALLY SUPPORTS THE PIPELINE, ALTHOUGH MANY HAVE RESERVATIONS ABOUT THE POSSIBLE SOCIAL AND ECONOMIC IMPACT. BRITISH COLUMBIA INTEREST IN THE INQUIRY HAS BEEN MUTED, ALTHOUGH SOME LABOR AND CHURCH OFFICIALS HAVE BEEN ACTIVE IN ATTEMPTING TO ORGANIZE OPPOSITION TO ANY NORTHERN PIPELINE CONSTRUCTION. B.C. GOVERNMENT HAS NOT PARTICIPATED IN
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THE INQUIRY TO DATE AND WILL PROBABLY RELY ON NEB HEARINGS IN OTTAWA TO EXPRESS ITS OFFICIAL POSITION. THERE IS NO INDICATION THE B.C. GOVERNMENT WILL OPPOSE THE PIPELINE. A YUKON GOVERNMENT OFFICIAL IN VANCOUVER TENDS TO DISCOUNT THE FIRMNESS OF INDIAN OPPOSITION AND BELIEVES A MAJORITY OF YUKONERS WILL CONCLUDE THAT A PIPELINE WOULD BE ADVANTAGEOUS TO THE TERRITORY'S DEVELOPMENT. END SUMMARY.

2. THE ALASKA HIGHWAY PIPELINE INQUIRY, UNDER THE CHAIRMANSHIP OF MR. KENNETH LYSYK, UNIVERSITY OF BRITISH COLUMBIA LAW SCHOOL DEAN, OPENED HEARINGS MAY 11 IN WHITEHORSE INTO THE SOCIO-ECONOMIC ASPECTS OF THE PROPOSED ALCAN NATURAL GAS PIPELINE (OTHER INQUIRY BOARD MEMBERS ARE WHITEHORSE LAWYER WILLARD PHELPS, NOMINATED BY THE YUKON TERRITORIAL COUNCIL, AND EDITH BOHNER, NOMINATED BY THE COUNCIL OF THE YUKON INDIANS (CYI)). IN JUNE, THE HEARINGS MOVED TO OUTLYING COMMUNITIES THROUGHOUT THE YUKON TERRITORY. PRESS COVERAGE HAS BEEN FAIRLY EXTENSIVE AND THE FOLLOWING IS SUMMARY OF THE MAJOR VIEWS PRESENTED TO THE INQUIRY:

A. YUKON INDIANS TAKE THE POSITION THAT THE ISSUE IS NOT THE PIPELINE PER SE, BUT THE SURVIVAL OF THE NATIVE PEOPLES AND THEIR WAY OF LIFE. THEY WANT TO BE SURE THAT NORTHERN DEVELOPMENT OF ANY KIND WILL NOT DESTROY THEM BEFORE THEY HAVE AN OPPORTUNITY TO HAVE THEIR NATIVE CLAIMS SETTLED AND IMPLEMENTED AND TO CREATE THEIR OWN INSTITUTIONS TO PRESERVE THEIR POLITICAL, ECONOMIC, SOCIAL AND CULTURAL RIGHTS. DANIEL JOHNSON, CYI CHAIRMAN, BLUNTLY STATED "THAT IS WHY WE DEMAND THE SAME 10 YEAR MORATORIUM THAT JUSTICE BERGER HAS RECOMMENDED TO THE GOVERNMENT." THE CYI LEADERSHIP AT EVERY OPPORTUNITY DURING THE HEARINGS HAS QUOTED HEAVILY FROM THE BERGER LIMITED OFFICIAL USE

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REPORT.

B. IN CONTRAST TO WHAT APPEARS TO BE ALMOST UNANIMOUS INDIAN OPPOSITION, TO THE YUKON'S WHITE COMMUNITY, WHILE GENERALLY IN QUALIFIED SUPPORT OF THE PIPELINE, HAS NOT PRESENTED A TOTALLY UNIFIED VIEW TO THE INQUIRY. THE COMMUNITY APPEARS TO BE SPLIT INTO TWO GROUPS: THOSE (PRIMARILY BUSINESSMEN) WHO SEE THE PIPELINE AS A STIMULUS TO ECONOMIC ACTIVITY AND AS A MEANS TO BETTER LIVING AND THOSE (CONSERVATIONISTS AND TRADITIONALISTS) WHO THINK IT MIGHT DO MORE SOCIAL AND ECONOMIC HARM THAN GOOD. WHILE FEW WOULD WANT THE YUKON TO FOREGO LONG RUN ECONOMIC BENEFITS, FEARS OF LARGE NUMBERS OF OUTSIDERS COMING TO THE YUKON TO SEEK EMPLOYMENT AND OF THE POSSIBILITY OF INFLATIONARY EFFECTS ON THE LOCAL ECONOMY ARE FAIRLY WIDESPREAD.

3. DEAN LYSYK, THROUGHOUT THE HEARINGS, HAS EMPHASIZED THAT THE INQUIRY'S TASK IS TO GIVE THE FEDERAL GOVERNMENT SUFFICIENT PRELIMINARY INFORMATION TO MAKE A DECISION IN PRINCIPLE ON A PIPELINE ROUTE IN AUGUST AND, SECONDLY, TO MAKE RECOMMENDATIONS ON ISSUES TO BE CONSIDERED BY

OTTAWA IN DEVELOPING TERMS AND CONDITIONS FOR CONSTRUCTION AND OPERATION OF THE PIPELINE IF THE APPLICATION BY FOOTHILLS ULTIMATELY RECEIVED APPROVAL. HE HAS ALSO MET HEAD-ON THE INEVITABLE QUESTION ABOUT THE SPEED WITH WHICH THE INQUIRY IS PROCEEDING. HIS REPLY HAS BEEN THAT IT IS BETTER FOR THE GOVERNMENT TO HAVE SOME ASSESSMENT, ALBEIT IT A PRELIMINARY REPORT, PRIOR TO ITS DECISION THAN TO HAVE NO REPORT AT ALL. TO CHARGES THAT THE INQUIRY IS A "WHITEWASH", OR A "FARCE" AS STATED BY CYI CHAIRMAN JOHNSON, DEAN LYSYK HAS VIGOROUSLY REPLIED THAT ANY SUGGESTION THE INQUIRY IS NOT INDEPENDENT OR THAT ITS REPORT IS A FOREGONE CONCLUSION "WOULD BE WHOLLY UNJUSTIFIED."

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4. IN BRITISH COLUMBIA, B.C. FEDERATION OF LABOR SECRETARY-GENERAL LEN GUY, ACCORDING TO THE PRESS, HAS SENT A LETTER TO THE INQUIRY URGING THAT THE HEARINGS

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BE BROUGHT ALSO TO B.C. AND ALBERTA, THAT CANADIAN

DECISIONS BE BASED ON CANADIAN NEEDS AND TIMETABLES, AND THAT THE FEDERAL GOVERNMENT NOT BE ALLOWED TO USE THE INQUIRY "AS A SOP TO THE PUBLIC CONCERN WHILE CONTINUING WITH PLANS TO SATISFY THE U.S. OIL COMPANIES." HE CALLED THE THREE-MONTH LIMIT ON THE INQUIRY "IMPOSSIBLE" AND SAID THAT A "BERGER-STYLE" STUDY WAS IMPERATIVE.

5. LEN GUY ALSO SERVED AS CHAIRMAN OF A MAY 27-29 CONFERENCE IN VANCOUVER ORGANIZED BY THE B.C. WORKING GROUP FOR MORATORIUM, A COALITION UNITING THE B.C. FEDERATION OF LABOR, B.C. TEACHERS FEDERATION, UNION OF B.C. INDIAN CHIEFS, AND LUTHERAN, ANGLICAN AND CATHOLIC CHURCHES IN A PLANNED NATIONAL CAMPAIGN TO STOP ANY PIPELINE THROUGH THE MACKENZIE VALLEY OR THE YUKON. AT THE MEETING, DENE LEADER GEORGE ERASMUS CHARACTERIZED THE ALCAN PROPOSAL AS PERHAPS EVEN "MORE DEVASTATING" THAN THE MACKENZIE VALLEY LINE AND KEYNOTE SPEAKER MEL WATKINS SPOKE OF IT (AND THE MACKENZIE LIMITED OFFICIAL USE

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LINE) AS "A CONTEMPORARY PANAMA CANAL THROUGH CANADA."

6. BEGIN COMMENT: THE DIRECTOR OF YUKON HOUSE IN VANCOUVER CONFIRMS THAT THE TERRITORIAL GOVERNMENT HAS NOT YET SUBMITTED A BRIEF TO THE INQUIRY, BUT IS EXPECTED TO DO SO BY MID-JULY. HE STATED HE WAS IN NO POSITION TO COMMENT ON WHAT THAT POSITION MIGHT BE. HE DOES FEEL, HOWEVER, THAT YUKON INDIAN OPPOSITION TO THE PIPELINE IS CONSIDERABLY LESS FOCUSED THAN IN THE CASE OF THE MACKENZIE VALLEY LINE AND THAT A MAJORITY OF YUKONERS WILL CONCLUDE THAT A PIPELINE WOULD BE ADVANTAGEOUS IN OPENING UP THE YUKON TO FURTHER AND NECESSARY DEVELOPMENT.

7. ALTHOUGH SEVERAL B.C. INDIAN GROUPS AND COMMUNITIES ALONG THE PIPELINE ROUTE HAVE ASKED TO APPEAR BEFORE THE INQUIRY, B.C. INTEREST IN THE PROCEEDINGS HAS BEEN GENERALLY QUIESCENT. THE B.C. GOVERNMENT HAS NOT BEEN ASKED TO PARTICIPATE IN THE INQUIRY AND THE INQUIRY'S TERMS OF REFERENCE, ALBEIT AMBIGUOUS ON THIS POINT, SEEM TO LIMIT THE SCOPE TO THE YUKON. A SENIOR ENERGY CONSULTANT TO B.C. ENERGY MINISTER DAVIS SAID THAT WHILE THERE WAS A POSSIBILITY OF A SEPARATE B.C. STUDY AND HEARINGS ON THE PIPELINE, NORMAL FEDERAL-PROVINCIAL COOPERATION DURING THE NATIONAL ENERGY BOARD HEARINGS ON THE FOOTHILLS APPLICATION WOULD PROBABLY BE SUFFICIENT OPPORTUNITY FOR B.C. TO PARTICIPATE IN THE DECISION-MAKING PROCESS. THERE IS NO INDICATION THAT THE GOVERNMENT HAS OBJECTIONS TO THE PIPELINE.

8. CONGEN HAS BEEN CONTACTED SEVERAL TIMES BY THE INQUIRY
WITH REQUESTS FOR COPIES OF THE FPC GAS PIPELINE REPORT
AND THE WHITE HOUSE NATIONAL ENERGY PLAN. THESE REQUESTS
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HAVE BEEN PROMPTLY FILLED THROUGH OUR BRANCH USIS OFFICE.
END COMMENT.

9. COPIES OF THE FORMAL CYI PRESENTATIONS TO THE INQUIRY
AND SELECTED PRESS CLIPPINGS ARE BEING MAILED TO EMBASSY
AND EUR/CAN. BUCHANAN

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